



Karachaganak Petroleum Operating bv



Корпоративная структура: Газпром, Энни, Лукойл, У.К. | Partners in the Karachaganak venture

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Revision History

Revision	Changes
R1	Reformatted & renumbered in accordance with KPO-AL-GOV-PRO-10010-E
A2	Revised version including comments from 2008 Parent Company Audit and ConCom.

Executive Summary

This Code establishes the core principles, values and behaviours that govern how KPO and its Employees conduct their business. This Code and the other Policies and Procedures referred to in this Code apply to all those who work for KPO.

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Definitions/Abbreviations

Employee	All personnel of KPO whether employed directly by KPO, seconded via a Parent Company or other staff working for KPO via an agency or contractor.
Government Official	Any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organisation.

REFERENCES

The following associated documents can be found on the KPO Intranet:

Conflict of Interest Policy	KPO-AL-LEG-PHL-60003	Legal Compliance Counsel
Guidelines on Compliance with International Law	KPO-AL-LEG-GLS-60002	Legal Compliance Counsel
Tender Procedures	KPO-AL-PRQ-PRO-00001	Contracts and Procurement Manager
Policy and Guidelines for Communication with the Authority	KPO-AL-AST-PHL-00020	Astana Office and Executive Secretary
Guidelines for the Provision of Goods and Services to Non KPO Employees	KPO-AL-LEG-GLS-60005	Legal Compliance Counsel
Health Safety and Environment Policy	KPO-AL-HSE-PHL-00001	General Director
Employees' Personal Data Management Policy	KPO-AL-HRE-PHL-00046	Human Resources
Policy for the Usage of Electronic Information	KPO-AL-LEG-PHL-60006	Legal Compliance Counsel
Golden Rules		General Director
Compliance Assurance Investigation Guidelines	KPO-AL-LEG-GLS-60001	Legal Compliance Counsel
Discipline Handling Procedure	KPO -AL-HRE-PRO-00004	Human Resources

Grievance Handling Procedure	KPO-AL-HRE-PRO-00007	Human Resources
Substance Abuse Policy	KPO-AL-HRE-PHL-00013	Human Resources
Information Protection and Classification Policy	KPO-AL-GOV-PHL-10008	Business Governance

1 PURPOSE

KPO is a company jointly operated by BG and ENI on behalf of four international partners (BG Group, ENI, Chevron, and LUKOIL) under a Final Production Sharing Agreement (FPSA) signed with the Republic of Kazakhstan (RoK).

KPO is a complex organisation which employs personnel of various nationalities and cultures. Maintaining and enhancing KPO's reputation requires that all of us work and behave to high standards both in dealing with each other in KPO and with the outside world.

Achieving outstanding performance in the long term delivery of our business goals can only be achieved if we are an organisation where everyone's behaviour conforms to a set of principles of high standard and sustainability.

Our success must be based on high levels of integrity in our business relationships, with best practice applied in providing safe and secure working environments, where everyone is given opportunities to develop and all are treated fairly in a transparent and rewarding environment.

KPO will always seek to play a responsible and constructive role, aligning its business objectives with the aspirations of the communities within which it operates. Different cultural and social features will be respected and considered as a major part of our values. We have respect for and manage our impact on the environment and the society in which we work, and will ensure that a consistent and fair approach is applied in our dealings with stakeholders, service providers and customers.

This Code establishes the core principles, values and behaviours that govern how KPO conducts its business. This Code and the other Policies and Procedures referred to in it apply to all those who work for KPO.

All Employees will be given full support from the Directors and Leadership Team of KPO in ensuring that we all maintain these behaviours.

2 KPO's FUNDAMENTAL VALUES

Our fundamental values define the culture of KPO and they are to assist us in achieving our strategic purpose and long term aims.

Our strategic purpose is to develop and market products from the Karachaganak field area in a safe, environmentally and economically sound manner, that generates value for the RoK, our shareholders, the West Kazakhstan Oblast and our Employees.

Our long term aim is to continue to be a safe, efficient and profitable company by means of increasing the growth rate of business activities and an improvement of organizational capabilities.

Our fundamental values can be summarised as follows:

Behaviour

We act with integrity and have consistently high ethical standards.

We conduct our business in compliance with legal, regulatory and licence requirements applicable to KPO and its stakeholders.

Our relationships are based on fairness, cooperation, loyalty and mutual respect.

We strive to be open, straightforward and transparent whilst protecting the business interests of KPO.

We impose high standards of compliance on the way we conduct our business.

People

We treat each other with fairness, respect and decency.

We act in accordance with KPO's Golden Rules.

We trust, respect and support each other and the different cultures of our colleagues.

We work in an open environment and embrace the diversity of people, beliefs, skills and experience.

HSE

We are concerned for the health and safety of one another and will ensure that we work in a healthy, safe and secure environment.

We assist and advise each other in preventing incidents or injuries and intervene in unsafe acts or practices.

We will act to minimise any adverse effects our actions have on the environment.

We make a positive contribution to the environment.

Partnership:

We are focused on maintaining productive, collaborative and trusting relationships with the ROK, our shareholders and the local communities where we work.

We work with and seek to provide benefits to the local communities.

3 PRINCIPLES

Every Employee is required to perform his or her duties in accordance with the following principles.

3.1 Conflict of Interest

We respect the right of Employees to take part in investments, businesses and other kinds of activities, provided that these are not related to or do not interfere with an Employee's work in KPO.

Employees must avoid entering into any situation in which an actual or perceived conflict of interest may arise.

Employees should analyse their conduct objectively so as to ensure that:

- The interests of KPO have been paramount when business opportunity and commercial decisions have been taken;
- KPO resources have not been used to support or benefit personal activities or those of friends or relatives;
- The conduct of KPO business has not, or cannot be seen to have, been influenced by friendship or family connections;
- They have not allowed, or appeared to allow, a personal relationship to unduly influence decision making or judgement;

- Confidential aspects of KPO's commercial relationships have not been disclosed to a non KPO person; and
- Gifts or hospitality have not been offered or received that could or might, or could be seen to, influence a business decision.

If in doubt about a possible conflict of interest, Employees should seek guidance in confidence from either the Compliance Legal Counsel or the Compliance Co-ordination Manager or alternatively speak to their Line Manager.

If you are in a situation where a conflict of interest exists you must inform your Line Manager.

Full details of KPO's requirements in relation to any conflict of interest are set out in the Conflict of Interest Policy. All Employees are required to read and acknowledge that they will comply with the Conflict of Interest Policy.

3.2 Gifts and Hospitality

Gifts and hospitality are practical examples of situations where an actual or perceived conflict of interest may arise.

KPO prohibits the giving or receipt of a gift, gratuity or entertainment of more than token or nominal value to or from suppliers or customers or their agents, employees or fiduciaries.

KPO is committed to maintaining registers of gifts / hospitality to ensure that Employees do not give or accept gifts or hospitality inappropriate to fostering good business relations or which might appear to place Employees under an obligation.

While it is recognised that limited corporate hospitality is given and received as part of building normal business relationships, Employees should avoid giving or accepting hospitality or gifts which might appear to place them under an obligation. Courtesy objects, such as small presents or hospitality gifts, are allowed only when the value of such objects is small and does not compromise the integrity and reputation of KPO and cannot be construed by an impartial observer as aimed at obtaining undue advantages.

KPO has defined a value matrix of different levels of seniority within the Company, recognising that the value of gifts and hospitality may vary according to seniority. This is updated from time to time and published in the **Conflict of Interest Policy**. Any gifts in excess of the limits must be disclosed to an Employee's Line Manager and registered on the Department's Gift Register.

Full details of KPO's requirements in relation to Gifts and Hospitality are set out in the Conflict of Interest Policy.

3.3 Corruption

Any form of corrupt payment will not be tolerated. Corruption is a criminal offence in Kazakhstan and in all the countries where KPO does business and in all the countries where our shareholders are resident.

Bribes, illegitimate favours, collusion, pressures, and requests of personal benefits for oneself or others either direct or through third parties, are prohibited.

The giving or receiving of any favours, bribes or similar payments of any sort, to or from any Government Official or any other entity doing or seeking to do business with KPO is strictly prohibited.

Employment of persons connected to a Government Official may be seen as a potential form of corruption. KPO does not allow either (i) the appointment of a person connected to a Government Official which is or could be seen to be promoting KPO's business

interests or (ii) placing an Employee who is a connected person in a position where his/her professional duties conflict with his/her personal relationships.

3.4 Laws and Regulations

Compliance with ROK and International Law

Employees must adhere to all relevant ROK and international legislation that applies in the countries where KPO conducts business.

The RoK Legislation in respect of these key areas is:

- *Criminal Code* Article 312 on Giving Bribery and Article 313 on Mediation in Bribery.
- *Administrative Violations Code* Article 533 on granting of Illegal Financial Remuneration to Individuals Authorised for the Performance of State Functions or to Persons Equated to those. Article 544 on Granting of Illegal Remunerations to the Legal Entities.

All expatriates must comply with the legislation of their home country. For example, UK and Italian and other European nationals are bound by the OECD guidelines and US nationals are bound by the Foreign Corrupt Practices Act and its guidelines.

Key areas that Employees need to ensure they comply with are laws relating to:

- Conflict of interest as highlighted in section 3.1 above and in the **Conflict of Interest Policy**.
- Split payments, whereby it is not permitted to divide services to be performed or goods to be provided into a number of smaller contracts in order to avoid contracts approval processes. Further details on these areas are contained in KPO's **Tender Procedures**.
- Political lobbying and contributions, gifts and payments to Government Officials (including agreements with businesses owned by or controlled by Government Officials). KPO does not allow any lobbying or political contributions to be made on its behalf. Further details are set out in section 3.5 of this Code and in the **Guidelines on Compliance with International Law and the Guidelines for the Provision of Goods and Services to Non KPO Employees**.
- Use of agents and advisors which are strictly prohibited by KPO.
- Anti-Boycott and international trade whereby it is not permitted for KPO to enter into restricted trade practices in any of its contracts. Further details are set out in the International Trade section of this Code (see below) and in the **Guidelines on Compliance with International Law**.
- Privacy of Information as referred to in section 3.6 of this Code.

International Trade

Employees performing tasks where goods or services are purchased and imported from other countries, or where products are sold abroad, need to comply with import and export control laws in accordance with KPO Policies and Procedures that govern their Departments.

Before entering into any commitments to import or export and goods, services, products, software or technology it is important to seek guidance where appropriate to understand any controls that apply. It may be that a licence or permit is required or taxes or duty must be paid before the importation/exportation or before a service can be performed. In addition for certain commodities there may be specific requirements in relation to labelling, marking and documentation and there may also be restrictions on amounts that can be imported.

Employees should also be aware of any sanctions or embargoes that may impose restrictions in dealing with companies or contractors, or importing/exporting, from a particular company.

Competition and anti-trust laws apply in many countries, in particular in the United States and Europe to prevent restriction of trade and price fixing.

Details of the key international legislation that is applicable to KPO and its Employees are set out in the Guidelines on Compliance with International Law.

Advice and assistance on these areas should be sought from the Legal Department.

3.5 External Relationships

Customers

KPO's business relies on developing and maintaining profitable and lasting relationships with customers, offering safety, service, quality and value supported by continuous innovation. KPO shall offer and seek quality products and services under competitive conditions while respecting the rules protecting fair competition.

Contractors

In the case of tenders and contracts for the supply of goods and services, and when dealing with contractors, Employees shall:

- Follow **KPO Tender Procedures** concerning selection of and relations with suppliers;
- Adopt appropriate and objective selection methods, based on established, transparent criteria;
- Secure the co-operation of suppliers to provide the required quality, cost and delivery time;
- Comply with and enforce KPO's obligations and rights under its contracts.

Government Officials

KPO liaises closely with officials representing the Government and Regulators of the RoK. Maintaining good relationships with Government Officials is essential to the success of KPO.

In maintaining these relationships Employees must act with integrity and impartiality and in accordance with the fundamental values and business principles set out in this Code.

In dealings with Government Officials Employees need to be careful if assisting in the provision of visa application assistance, flights, hotel, or other accommodation, entertainment, subsistence allowance or a car or other vehicle as under the RoK Law on Bribery and Corruption it is illegal for Government Officials to receive payments, travel services or other benefits unless they are strictly for business purposes.

Therefore any Employee that is requested to provide such assistance to Government Officials must notify his/her Manager and act in accordance with the **KPO Guidelines for the Provision of Goods and Services to Non KPO Employees**.

In addition KPO has strict rules governing correspondence with any Government Officials on behalf of KPO. Details of these are set out in **the Policy and Guidelines for Communication with the Authority**.

Third Parties

When KPO operates in conjunction with any third party (consultants, contractors, agents, representatives, officials) it will promote the application of this Code at all times.

Employees and all other representatives of KPO shall ensure that:

- This Code is brought to the attention of every person or body having business relations with KPO;
- Code principles and procedures are followed;
- Only qualified people and reputable persons, companies and organisations are selected and engaged in third party relationships;
- All information relevant to the selection of a third party collaborator be taken into proper account;
- Perceived and actual violations of the Code by third party are immediately reported to the Employee's Line Manager or the Compliance Coordination Manager.

Any remuneration paid to any third party shall be entirely in accordance with the specific contract and/or agreement entered into with KPO. No undeclared offers or payments involving third parties will be accepted solicited or offered by Employees and representatives of KPO.

External Communications and the Media

Information provided to outside parties shall be truthful and transparent. In its communications with the media, KPO shall be presented in an accurate and uniform way. Employees may not give information to media representative nor engage in providing any such information unless they are duly and properly authorised by their Line Manager.

Employees who are required to attend meetings and seminars or other public events to present information to the public or to disclose information in publications must be authorised by their Department Manager and any texts, lectures and lines of action which they intend to make public must be approved.

Donations

From time to time KPO or an Employee may be requested to make a financial donation, or provide a facility or piece of equipment, to a third party. Such requests should be made in writing by the third party, and forwarded by the Employee to his/her Line Manager for consideration by the Leadership Team of KPO.

Additionally, if an Employee wishes to arrange for a collection to be made within KPO to raise money for a charitable cause, such a request must be made in writing by the Employee, and forwarded to his/her manager for consideration by the Management Team.

3.6 Confidentiality

Clear and effective communication plays a vital role in sustaining relationships and safeguarding public confidence in KPO. Effective internal communication is vital. Openness and transparency of operations, appropriate to the expectations of respective audiences, are key business goals, subject to the demands of commercial confidentiality.

Safeguarding confidential information is essential to the conduct of KPO's business. Employees are likely, during the course of their work, to become aware of confidential information (that is, information not available to the public) concerning the affairs and business transactions of KPO, its present and prospective customers, its suppliers, its shareholders and other Employees.

KPO's trade secrets, proprietary information and much of its internal information are valuable assets. Protection of this information is an obligation of every Employee even after leaving the company.

KPO's proprietary information and trade secrets may consist of any formula, design, device or information which is used in our business and which gives KPO an opportunity to obtain a competitive advantage. Caution and discretion are required in the use of confidential information full details are set out in the Information Protection and Classification Policy.

All Employees are required to:

- Obtain and handle only data that is necessary and adequate to their work and strictly related to the tasks being performed;
- Obtain and handle such data only within specified procedures;
- Store data in a way that avoids non-authorised persons having access to it;
- Disclose such data only pursuant to specific procedures and /or subject to specific authorisation by Line Managers and, in any case, only after having checked that such data are available for disclosure;
- Ensure that no relative or absolute constraint exists on the disclosure of information concerning third parties connected to KPO by any kind of relationship and, whenever necessary, ensure that their consent is obtained;
- File data in such a way that any person authorised to access may do so with as much precision, clarity and truthfulness as possible.

KPO and its Employees have an obligation to ensure that any personal data of Employees is protected and maintained confidential. Full details of these obligations are set out in the **Employees' Personal Data Management Policy**

3.7 Electronic Mail & Internet Usage

It is the responsibility of all Employees to ensure that the KPO's IT systems and other technical resources are used appropriately and in compliance with the terms of this Code and the **Policy for the Usage of Electronic Information**.

KPO provides electronic mail (e-mail) to facilitate communication among its Employees and external business partners. KPO has Internet services to support the advancement of KPO's business goals and objectives.

KPO encourages use of the Internet as a strategic business and learning tool. The Internet can be used to communicate and exchange information as long as usage complies with all applicable laws and regulations.

Full details of KPO's requirements in relation to the use of electronic mail and the internet are set out in the Policy for the Usage of Electronic Information. Every Employee is required to read and acknowledge that he/she will comply with the Policy for the Usage of Electronic Information.

3.8 Protection and Use of KPO Assets

KPO property is provided to Employees for business use and should not be routinely used for non business reasons.

Employees may occasionally use company telephones, computers and the email and internet system for personal purposes.

4 Health, Safety and Environment

KPO takes seriously its responsibilities to conduct its operations with proper regard for the environment and for the health and safety of all those involved in its operations and the public at large and seeks to meet or exceed internationally recognised best practices.

KPO provides and maintains safe and healthy working conditions, equipment, and work processes for all Employees.

KPO believes that it is in the best interests of all to protect the health and safety of its Employees. Accordingly all KPO Employees are required to:

- Comply with KPO's **Health, Safety and Environment Policy**;
- Comply with KPO's **Golden Rules**;
- Comply with KPO's Fundamental Values as set out in section 2 of this Code;
- Recognise their personal responsibility for HSE and to report any issue of concern;
- Intervene in the case of unsafe acts or conditions;
- Require other Employees and contractors to act responsibly in compliance with the **Health, Safety and Environment Policy**;
- Include HSE in their own and their subordinates' KPI's and appraisals;
- Make prevention of pollution a key consideration in all activities.

5 KPO's PEOPLE

The dedication and professionalism of KPO Employees is a fundamental component necessary for KPO to realise its goals and objectives. KPO recognises that its people are its key asset.

KPO's Leadership Team shall:

- Recruit, train, promote and compensate Employees on merit, based on performance and the skills, relevant qualifications, experience, aptitude and ability they bring to the job; and without discrimination or favouritism of any kind;
- Adopt criteria of merit, ability and professionalism in all decisions concerning Employees;
- Develop the abilities and skills of each Employee such that they may realise their full potential
- Create a working environment where personal characteristics do not give rise to discrimination or favouritism.

5.1 Fair Treatment and Equal Opportunities

The Company expects all its Employees, at every level, to co-operate in maintaining a climate of reciprocal respect for each others' dignity, honour and reputation.

KPO supports the protection of human rights within its sphere of influence. KPO shall do its best to prevent the emergence of attitudes that can be considered offensive. Equal opportunities are given to all Employees, whereby everyone is treated fairly and without discrimination of any kind.

All Employees are required to comply with this requirement.

If an Employee feels that he or she may have been discriminated against, then he/she should talk to his/her Manager, the Human Resources Manager or the Compliance Co-ordination Manager. All such complaints will be treated confidentially and, where the circumstances merit, will be investigated in accordance with the **KPO Compliance Assurance Investigation Guidelines**. Disciplinary action will be taken where necessary (in accordance with the **KPO Discipline Handling Procedure** and if appropriate for a secondee in accordance with his/her Parent Company's procedures).

5.2 No Harassment

There is no place in KPO for harassment in personal relationships either inside or outside the company. Any form of harassment or victimisation will not be condoned.

KPO defines harassment as:

- The creation of an intimidating, hostile or isolating environment or atmosphere for one or more Employees;
- Any prejudicial treatment whether it be racial, ethnic, religious, colour, nationality or of any other form;
- Unjustified interference in the work performed by others;
- The placing of obstacles in the way of the work prospects and expectations of others merely for reasons of personal prejudices;
- The perception of any individual that they are under any pressure to respond to sexual attention;
- Proposals of private interpersonal relations, which are repeated despite the recipient's clear distaste.

(Employees should refer to the **KPO Grievance Handling Procedure** for further details).

Employees must not harass anyone and must be sensitive to the fact that others may perceive your behaviour as harassment even if not intended that way.

If an Employee feels that he/she may have been subject to harassment or suspects that harassment is occurring to someone else then he/she should talk to his/her Line Manager, the Human Resources Manager or the Compliance Co-ordination Manager. All such complaints will be treated seriously and where required will be investigated in accordance with the **KPO Compliance Assurance Investigation Guidelines**. Disciplinary action will be taken where necessary (in accordance with the **KPO Discipline Handling Procedure** and if appropriate for a secondee in accordance with his/her Parent Company's procedures).

5.3 Alcohol and Substance Abuse

KPO demands that each Employee contributes to maintaining a good work environment.

Being under the influence of alcohol or drugs whilst in a work place is dangerous. Individuals who work under the effect of alcohol or drug abuse, or make use of or give to others any drug or similar substance in the workplace, are a serious threat to themselves and others.

An Employee found to be at work whilst impaired by alcohol or drugs will be regarded as having committed an act of serious misconduct and disciplinary action will follow (in accordance with the **KPO Discipline Handling Procedure** and if appropriate for a secondee from Parent Companies in accordance with his/her Parent Company's procedure).

All Employees should read the **KPO Substance Abuse Policy**.

5.4 Smoking

Smoking is forbidden in any KPO premises, work sites, living accommodation or recreation areas, except in designated smoking areas.

6 HELP AND ADVICE

The **KPO Compliance Coordination Manager** has been appointed as the Guarantor of this Code of Conduct with overall responsibility for the Code and dealing with any issues raised by Employees.

This Code will be subject to periodic review by KPO General Counsel, acting as Custodian of the Code of Conduct.

If any Employee has any specific queries about the Code or issues relating to its implementation or wishes to report actual or potential infringements of the Code, he/she should contact his/her Line Manager.

If he/she would prefer not to discuss the issue with the Line Manager (or having discussed with the Line Manager is still not sure what to do) then the Employee should contact either the Compliance Coordination Manager or the Legal Compliance Counsel. All contacts will be treated in confidence.

Allegations of infringements of key obligations under this Code will be dealt with confidentially and, where the circumstances merit, will be investigated in accordance with the **KPO Compliance Assurance Investigation Guidelines**. Disciplinary action will be taken where the nature of a breach warrants action (in accordance with the **KPO Discipline Handling Procedure** and if appropriate for a secondee in accordance with his/her Parent Company's procedures).